

## Message Text

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DRAFTED BY:EUR/WE:AHUGHES

APPROVED BY:EUR - ROBERT E BARBOUR

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C O N F I D E N T I A L STATE 085939

EXDIS

FOL BONN 5705 SENT ACTION SECSTATE INFO ANKARA ATEHN NICOSIA  
LONDON USNATO MAR 30, 1978 REPEATED TO YOU QUOTE

C O N F I D E N T I A L BONN 05705

EXDIS

FOR DEPUTY ASSISTANT SECRETARY (EUR) BARBOUR FROM NIMETZ  
ANDEST; LONDON FOR AMBASSADOR STONE

E.O. 11652: GDS

TAGS: PEPR, TU, GR, CY

SUBJECT: BRIEFING GOVERNMENTS OF GREECE AND CYPRUS ON  
EASTERN MEDITERRANEAN POLICY DECISIONS

1. WE STRONGLY RECOMMEND YOU CALL IN AMBASSADOR  
DIMITRIOU AFTERNOON MARCH 30 AS FIRST STEP IN BRIEFING  
GOG AND GOC RE GREECE/TURKEY PROGRAM PRESIDENT WILL  
SHORTLY RECOMMEND TO CONGRESS. IN VIEW OF ATHENS 2609,  
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WE EXPECT (PENDING FURTHER DISCUSSIONS WITH AMBASSADOR  
MCCLOSKEY) THAT MCCLOSKEY WILL INFORM GREEKS ON MARCH 31  
ON HIS RETURN TO ATHENS FOLLOWING DISCUSSIONS AFTERNOON  
MARCH 30 IN BONN WITH DEPUTY SECRETARY AND OTHER  
MEMBERS OF PARTY WHO ACCOMPANIED HIM TO ANKARA. YOU  
SHOULD OFFER ALEXANDRAKIS A FOLLOW-UP BRIEFING AFTER  
BRIEFING TAKES PLACE IN ATHENS. EMBASSY NICOSIA SHOULD

ALSO FOLLOW UP WITH ROLANDIS OR PELAGHIAS MARCH 31.

2. FOLLOWING ARE TALKING POINTS WE WOULD SUGGEST YOU DRAW ON IN PRESENTING PROGRAM. (WE WILL GIVE THESE POINTS ALSO TO MCCLOSKEY ON HIS ARRIVAL IN BONN, INCLUDING SOME ADDITIONAL IDEAS FOR USE WITH GOG.)

--THE PRESIDENT HAS MADE SOME DECISIONS ON OUR MILITARY ASSISTANCE PACKAGE FOR GREECE AND TURKEY AND I WANT TO SHARE THEM WITH YOU.

(A) THE PRESIDENT WILL ASK CONGRESS TO REPEAL SECTION 620(X) OF THE FOREIGN ASSISTANCE ACT, THAT IS, TO LIFT THE EMBARGO. WE BELIEVE THAT ONE OF OUR IMPORTANT PRIORITIES IN THE REGION IS TO MAINTAIN THE WESTERN ORIENTATION OF TURKEY, AND WE BELIEVE THIS IS IN YOUR COUNTRY'S INTEREST AS WELL. THE EFFECT OF THE EMBARGO HAS BEEN FELT, BUT OUR BEST JUDGMENT IS THAT FROM NOW ON THE RISKS IT POSES TO OUR RELATIONSHIP WITH TURKEY, AND TO THE STABILITY OF THE REGION (INCLUDING CYPRUS), FAR OUTWEIGH ANY POSSIBLE BENEFIT WITH RESPECT TO PROMOTING A CYPRUS SOLUTION.

(B) THE UNITED STATES AND TURKEY HAVE JOINTLY AGREED THAT THE 1976 US-TURKISH DCA IS NO LONGER A SUITABLE BASIS FOR OUR DEFENSE RELATIONSHIP AND WE HAVE CONFIDENTIAL

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JOINTLY AGREED TO RENEGOTIATE THE AGREEMENT. ONE OF OUR REASONS FOR COMING TO THIS CONCLUSION IS THE GROWING FEELING IN THE ADMINISTRATION AND THE CONGRESS THAT MULTI-YEAR AGREEMENTS OF THIS TYPE ARE NOT DESIRABLE.

(C) SINCE WE WILL NOT BE MOVING FORWARD WITH THE DCA'S, WE WILL REQUEST FMS CREDITS FOR FY 1979 AT THE SAME LEVELS AS LAST YEAR. THIS MEANS \$175-MILLION FOR TURKEY AND \$140-MILLION FOR GREECE. THIS REFLECTS AN INCREASE IN THE GREEK REQUEST FROM THE \$122-MILLION INDICATED IN OUR BUDGET SUBMISSION.

(D) WE ARE VERY CONCERNED ABOUT THE ECONOMIC SITUATION IN TURKEY AND BELIEVE WE SHOULD BE HELPFUL. WE WILL THEREFORE REQUEST FROM THE CONGRESS A \$50-MILLION SECURITY SUPPORTING ASSISTANCE LOAN FOR TURKEY INFY 1979.

--LET ME MAKE A FEW GENERAL POINTS ABOUT THIS PROGRAM.

(A) WE CONSIDER IT IMPORTANT AND DESIRABLE TO

NORMALIZE OUR RELATIONSHIP WITH TURKEY, BUT THIS PROGRAM SHOULD NOT BE SEEN AS ANY LESSENING IN OUR ACTIVE COMMITMENT TO A CYPRUS SOLUTION OR A TILT IN FAVOR OF TURKEY VIS-A-VIS GREECE.

(B) IT SHOULD BE SEEN IN YOUR COUNTRY AS WORTHY OF NOTE THAT IT HAS BEEN DECIDED NOT TO GO FORWARD UNDER THE FOUR-YEAR DCA NEGOTIATED IN 1976, BUT INSTEAD TO NEGOTIATE A NEW AGREEMENT REFLECTING CURRENT CIRCUMSTANCES.

(C) GIVEN TURKEY'S GRAVE FINANCIAL CONDITION, THE EFFECT OF LIFTING OF THE EMBARGO IS UNCERTAIN. SOME ADDITIONAL MILITARY SUPPLIES WILL OF COURSE  
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BECOME AVAILABLE TO TURKEY FROM US SOURCES, BUT THIS MOVE WOULD NOT ADVERSELY AFFECT YOUR COUNTRY.

(D) THE ECONOMIC LOAN OF \$50-MILLION IS MODEST GIVEN THE SIZE OF THEIR PROBLEMS; FOR EXAMPLE, IT SHOULD BE COMPARED WITH THE \$300-MILLION LOAN TO PORTUGAL. THIS LOAN IS MEANT TO DEMONSTRATE OUR GOOD WILL TO THE PEOPLE OF TURKEY DURING A DIFFICULT PERIOD AND WILL NOT HAVE AN EFFECT ADVERSE TO YOUR COUNTRY.

(E) BASED ON OUR DISCUSSIONS WITH THE TURKS, WE BELIEVE THESE STEPS WOULD ACTUALLY HAVE A POSITIVE EFFECT ON CYPRUS, BECAUSE IT WILL FREE ECEVIT FROM THE POLITICAL CONSTRAINTS OF ACTING UNDER PRESSURE.

(F) THE US WILL CONTINUE TO PLAY AN ACTIVE ROLE IN SUPPORT OF THE SECRETARY-GENERAL'S EFFORTS TO ACHIEVE A CYPRUS SETTLEMENT. SINCE THERE WILL BE NO FOUR-YEAR DCA, THE CONGRESS WILL HAVE A CHANCE TO REVIEW THIS MATTER PERIODICALLY.

--WHILE THERE ARE DISADVANTAGES AND ADVANTAGES TO THESE DECISIONS FROM EVERYONE'S STANDPOINT, YOU SHOULD KNOW THAT THIS IS A PACKAGE THE PRESIDENT INTENDS TO WORK FOR IN THE CONGRESS. WE CONSIDER THIS A BALANCED PROGRAM, WHICH ACTUALLY PUTS ASIDE THE FOUR-YEAR DCA AND INCREASES MILITARY FUNDS FOR GREECE. YOUR COUNTRY AND OURS HAVE MANY LONG-TERM RELATIONSHIPS AND COMMON INTERESTS. WE WANT TO WORK CLOSELY WITH YOU IN THE COMING MONTHS AND YEARS. WE HOPE YOUR REACTION TO THIS DECISION WILL BE MODERATE AND CONSIDERED, RECOGNIZING THAT THIS IS A BALANCED PROGRAM DECIDED UPON BY THE PRESIDENT, DEALING ESSENTIALLY WITH OUR RELATIONSHIP  
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WITH A THIRD COUNTRY. RECOGNIZING THAT SOME ELEMENTS  
IN YOUR COUNTRY WILL TRY TO EXPLOIT THIS PROGRAM TO HARM  
OUR RELATIONSHIP, IT WILL BE IN THE INTEREST OF YOUR  
COUNTRY AND OURS TO REACT MODERATELY AND RESPONSIBLY.  
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